

Service Date: November 16, 1984

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER of the Application
of Northern Natural Gas Company
to Increase Natural Gas Rates and
Charges.

)UTILITY DIVISION
)DOCKET NO. 83.9.65
)INTERIM RATE ORDER NO. 5095

FINDINGS OF FACT

1. On September 21, 1983, Northern Natural Gas Company (Applicant or Northern) filed an application with this Commission for authorization to increase natural gas rates to its Montana customers on a permanent basis by approximately 541% which constitutes an annual revenue increase of approximately \$56,635.

2. On October 16, 1984 the Applicant filed a petition requesting an interim increase in rates of approximately 429% equalling a revenue increase of approximately \$44,900 or 79% of the proposed permanent increase requested in its original filing. The proposed interim increase requested by the Applicant is consistent with a proposed settlement of issues agreement entered into by the Applicant and intervenors in this matter.

3. The Commission's interim rules and guidelines call for "clear showing that the petitioning utility is suffering an obvious income deficiency" before it will grant interim rate relief.

4. The Applicant at the present time has in effect a sales rate of \$.5195 per MC? which based upon test year sales will produce annual revenues amounting to \$10,458. Information obtained through the discovery process indicates that the Applicant's cost of purchased gas is \$2.75 per MCF which based upon test year volumes will result in an annual expense of \$55,360. Given the proceeding information, which considers only the cost of purchased gas, the Applicant is sustaining an operating loss of \$44,902 annually.

5. The Commission finds that this loss constitutes an obvious income deficiency in this instance, that deferred rate relief until a final order can be issued may adversely affect the utility's financial condition and further under its current ratemaking standards, the utility may be entitled to rate relief at the time a final order is issued by the Commission in this Docket.

6. The Commission finds that the Applicant's gas utility operation is experiencing an operating loss and accordingly, finds that the Applicant is entitled to interim rate relief in the amount of \$44,902 annually (See Finding of Fact No. 4).

7. Northern in its application has proposed that the increased revenue determined appropriate in this order be generated by implementation of a sales rate of \$2.75 per MCF. The Commission finds this acceptable and authorizes the Applicant a sales rate of \$2.75 per MCF.

CONCLUSIONS OF LAW

1. The Applicant operates a public utility furnishing natural gas service to customers in the State of Montana, and is subject to the supervision, regulation and control of this Commission. Section 69-3-102, MCA.

2. Section 69-3-304, MCA, provides in part, "The Commission may in its discretion, temporarily approve increases pending a hearing or final decision."

3. The Commission concludes that the grant of an interim rate increase in the manner set forth herein is just, reasonable and within the discretion granted by Section 69-3-304, MCA.

ORDER

THEREFORE, THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. Northern Natural Gas Company is hereby granted authority to implement on an interim basis increased rates for its Montana customers, designed to generate additional annual revenues in the amount of \$44,902.

2. Northern Natural Gas Company is to file revised tariff schedules implementing a rate of \$2.75 per MCF.

3. The interim relief granted in this Order is to be effective for services rendered on and after November 9, 1984.

4. The increase granted herein is subject to rebate should the final order in this Docket determine a lesser increase is warranted. Rebates would include interest at the rate of 10% per annum.

DONE IN OPEN SESSION this 9th day of November, 1984 by a vote of 5 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

THOMAS J. SCHNEIDER, Chairman

JOHN B. DRISCOLL, Commissioner

HOWARD L. ELLIS, Commissioner

CLYDE JARVIS, Commissioner

DANNY OBERG, Commissioner

ATTEST:

Madeline L. Cottrill
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.